



City Council Chambers
3300 Capitol Avenue
Fremont, California

City Council

Bob Wasserman, Mayor
Suzanne Lee Chan, Vice Mayor
Anu Natarajan
Bill Harrison
Dominic Dutra

City Staff

Fred Diaz, City Manager
Harvey E. Levine, City Attorney
Mark Danaj, Assistant City Manager

Dawn G. Abrahamson, City Clerk
Robert Beyer, Interim Community Dev. Director
Harriet Commons, Finance Director
Marilyn Crane, Information Technology Svcs. Dir.
Mary Kaye Fisher, Interim Human Resources Dir.
Annabell Holland, Community Services Director
Norm Hughes, City Engineer
Bruce Martin, Fire Chief
Jim Pierson, Public Works Director
Jeff Schwob, Planning Director
Suzanne Shenfil, Human Services Director
Craig Steckler, Chief of Police
Lori Taylor, Economic Development Director
Elisa Tierney, Redevelopment Director

City Council Agenda and Report [Redevelopment Agency of Fremont]

General Order of Business

1. Preliminary
 - Call to Order
 - Salute to the Flag
 - Roll Call
2. Consent Calendar
3. Ceremonial Items
4. Public Communications
5. Scheduled Items
 - Public Hearings
 - Appeals
 - Reports from Commissions, Boards and Committees
6. Report from City Attorney
7. Other Business
8. Council Communications
9. Adjournment

Order of Discussion

Generally, the order of discussion after introduction of an item by the Mayor will include comments and information by staff followed by City Council questions and inquiries. The applicant, or their authorized representative, or interested citizens, may then speak on the item; each speaker may only speak once to each item. At the close of public discussion, the item will be considered by the City Council and action taken. Items on the agenda may be moved from the order listed.

Consent Calendar

Items on the Consent Calendar are considered to be routine by the City Council and will be enacted by one motion and one vote. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which case the item will be removed from the Consent Calendar and considered separately. Additionally, other items without a "Request to Address the City Council" card in opposition may be added to the consent calendar. The City Attorney will read the title of ordinances to be adopted.



Addressing the Council

Any person may speak once on any item under discussion by the City Council after receiving recognition by the Mayor. Speaker cards will be available prior to and during the meeting. To address City Council, a card must be submitted to the City Clerk indicating name, address and the number of the item upon which a person wishes to speak. When addressing the City Council, please walk to the lectern located in front of the City Council. State your name. In order to ensure all persons have the opportunity to speak, a time limit will be set by the Mayor for each speaker (see instructions on speaker card). In the interest of time, each speaker may only speak once on each individual agenda item; please limit your comments to new material; do not repeat what a prior speaker has said.

Oral Communications

Any person desiring to speak on a matter which is not scheduled on this agenda may do so under the Oral Communications section of Public Communications. Please submit your speaker card to the City Clerk prior to the commencement of Oral Communications. **Only those who have submitted cards prior to the beginning of Oral Communications will be permitted to speak.** Please be aware the California Government Code prohibits the City Council from taking any immediate action on an item which does not appear on the agenda, unless the item meets stringent statutory requirements. The Mayor will limit the length of your presentation (see instructions on speaker card) and each speaker may only speak once on each agenda item.

To leave a voice message for all Councilmembers and the Mayor simultaneously, dial 284-4080.

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Information

Copies of the Agenda and Report are available in the lobbies of the Fremont City Hall, 3300 Capitol Avenue and the Development Services Center, 39550 Liberty Street, on Friday preceding a regularly scheduled City Council meeting. Supplemental documents relating to specific agenda items are available at the Office of the City Clerk.

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Availability of Public Records

All disclosable public records relating to an open session item on this agenda that are distributed by the City to all or a majority of the City Council less than 72 hours prior to the meeting will be available for public inspection in specifically labeled binders located in the lobby of Fremont City Hall, 3300 Capitol Avenue during normal business hours, at the time the records are distributed to the City Council.

Information about the City or items scheduled on the Agenda and Report may be referred to:

Address: City Clerk
City of Fremont
3300 Capitol Avenue, Bldg. A
Fremont, California 94538
Telephone: (510) 284-4060

Your interest in the conduct of your City's business is appreciated.

AGENDA
FREMONT CITY COUNCIL REGULAR MEETING
MARCH 8, 2011
COUNCIL CHAMBERS, 3300 CAPITOL AVE., BUILDING A
7:00 P.M.

1. PRELIMINARY

- 1.1 Call to Order
- 1.2 Salute the Flag
- 1.3 Roll Call
- 1.4 Announcements by Mayor / City Manager

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the City Council and will be enacted by one motion and one vote. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which event the item will be removed from the Consent Calendar and considered separately. Additionally, other items without a "Request to Address Council" card in opposition may be added to the consent calendar. The City Attorney will read the title of ordinances to be adopted.

- 2.1 *Motion to Waive Further Reading of Proposed Ordinances*
(This permits reading the title only in lieu of reciting the entire text.)
- 2.2 *Approval of Minutes – None.*
- 2.3 **AMENDMENTS TO PROFESSIONAL SERVICE AGREEMENTS WITH ERLER & KALINOWSKI, INC., AND HARRIS & ASSOCIATES, INC., FOR ENVIRONMENTAL REMEDIATION OF THE FORMER UNION PACIFIC PROPERTY AND EXISTING CITY PARKING LOTS IN NILES**
Authorize the City Manager to Execute an Amendment Increasing the Current Service Agreement between the City and Erler & Kalinowski, Inc., by \$210,000, to a Total of \$605,000 and Authorize the Agency Executive Director to Execute an Amendment Increasing the Current Service Agreement between the Redevelopment Agency and Harris & Associates, Inc., by \$69,040, to a Total of \$398,720 for Environmental Remediation Services for the Former Union Pacific Railroad Property and Existing City Parking Lots in Niles

Contact Person:

<i>Name:</i>	<i>Josh Huber</i>	<i>Norm Hughes</i>
<i>Title:</i>	<i>Redevelopment Project Manager</i>	<i>City Engineer</i>
<i>Dept.:</i>	<i>Housing and Redevelopment</i>	<i>Public Works</i>
<i>Phone:</i>	<i>510-494-4513</i>	<i>510-494-4748</i>
<i>E-Mail:</i>	<i>jhuber@fremont.gov</i>	<i>nhughes@fremont.gov</i>

RECOMMENDATION: Authorize the City Manager, or his designee, to execute a Professional Services Agreement Amendment with Erler & Kalinowski, Inc., for Environmental Consulting Services during Phase 2 of the environmental remediation of the former Union Pacific Property in Niles in an amount not to exceed \$210,000.

3. CEREMONIAL ITEMS

- 3.1 Resolution: Honoring Wanda Zhan for her Contribution to Assist with Education and Aid in helping the Children of Sichuan Province, China

4. PUBLIC COMMUNICATIONS

- 4.1 Oral and Written Communications

REDEVELOPMENT AGENCY – The Redevelopment Agency Board will convene at this time and take action on the agenda items listed on the Redevelopment Agency Agenda. [See separate agenda](#) (yellow paper).

PUBLIC FINANCING AUTHORITY – The Public Financing Authority Board will convene at this time and take action on the agenda items listed on the Public Financing Authority Agenda. [See separate agenda](#) (lilac paper).

CONSIDERATION OF ITEMS REMOVED FROM CONSENT CALENDAR

5. SCHEDULED ITEMS – None.

6. REPORT FROM CITY ATTORNEY

6.1 Report Out from Closed Session of Any Final Action

7. OTHER BUSINESS

7.1 STRATEGIC SUSTAINABILITY STUDY

Authorize the City Manager to Enter into an Agreement with Management Partners Incorporated to Conduct a Comprehensive Strategic Sustainability Study, In an Amount not to Exceed \$90,000

Contact Person:

Name:	Mark Danaj	Fred Diaz
Title:	Assistant City Manager	City Manager
Dept.:	City Manager's Office	City Manager's Office
Phone:	510-284-4005	510-284-4000
E-Mail:	mdanaj@fremont.gov	fdiaz@fremont.gov

RECOMMENDATION: Formally endorse the City Manager's recommendation to implement a Strategic Sustainability Study, and authorize the City Manager to enter into an agreement with Management Partners Incorporated, in an amount not to exceed \$90,000.

7.2 UPDATE ON REDEVELOPMENT AGENCY ISSUANCE OF TAX ALLOCATION BONDS

Update on Proposed Issuance of 2011 Redevelopment Agency Tax Allocation Bonds

Contact Person:

Name:	Elisa Tierney	Harriet Commons
Title:	Redevelopment Agency Director	Director
Dept.:	Housing and Redevelopment	Finance
Phone:	510-494-4501	510-284-4010
E-Mail:	etierney@fremont.gov	hcommons@fremont.gov

RECOMMENDATION: Provide direction to staff to EITHER:

1. Not proceed with the sale of tax allocation bonds at this time, OR
2. Sell the bonds as currently structured.

7.3 ASSIGNMENT OF REDEVELOPMENT AGENCY SERVICE AGREEMENTS TO THE CITY

Approve Assignment of Redevelopment Agency Service Agreements to the City and Authorize the Executive Director and City Manager to Execute An Assignment and Assumption Agreement

Contact Person:

Name:	Josh Huber	Elisa Tierney
Title:	Redevelopment Project Manager	Redevelopment Agency Director
Dept.:	Housing and Redevelopment	Housing and Redevelopment
Phone:	510-494-4513	510-494-4501
E-Mail:	jhuber@fremont.gov	etierney@fremont.gov

RECOMMENDATION: Approve the assignment of Redevelopment Agency service agreements to the City as described in the attached list, and authorize the Agency Executive Director and the City Manager to execute an Assignment and Assumption Agreement.

8. COUNCIL COMMUNICATIONS

8.1 Council Referrals

8.1.1 MAYOR WASSERMAN REFERRAL: Appointment of Vinnie Bacon to the Economic Development Advisory Commission and Chitraleka Vivek to the Library Advisory Commission

8.2 Oral Reports on Meetings and Events

9. ADJOURNMENT



REPORT SECTION
FREMONT CITY COUNCIL
REGULAR MEETING

MARCH 8, 2011

***2.3 AMENDMENTS TO PROFESSIONAL SERVICE AGREEMENTS WITH ERLER & KALINOWSKI, INC., AND HARRIS & ASSOCIATES, INC., FOR ENVIRONMENTAL REMEDIATION OF THE FORMER UNION PACIFIC PROPERTY AND EXISTING CITY PARKING LOTS IN NILES**

Authorize the City Manager to Execute an Amendment Increasing the Current Service Agreement between the City and Erler & Kalinowski, Inc., by \$210,000, to a Total of \$605,000 and Authorize the Agency Executive Director to Execute an Amendment Increasing the Current Service Agreement between the Redevelopment Agency and Harris & Associates, Inc., by \$69,040, to a Total of \$398,720 for Environmental Remediation Services for the Former Union Pacific Railroad Property and Existing City Parking Lots in Niles

Contact Person:

Name:	Josh Huber	Norm Hughes
Title:	Redevelopment Project Manager	City Engineer
Dept.:	Housing and Redevelopment	Public Works
Phone:	510-494-4513	510-494-4748
E-Mail:	jhuber@fremont.gov	nhughes@fremont.gov

A companion item is on the Redevelopment Agency agenda for this evening.

Executive Summary: Companion items appear on the Agency Board and City Council agendas this evening, requesting amendments to professional services on the Niles UP phase 2 remediation project. In July 2009, the City of Fremont entered into a service agreement with Erler & Kalinowski, Inc. (“EKI”), to develop the Remedial Design and Implementation Plan, assist with remediation contract document and technical specifications preparation, and provide environmental consulting services during Phase 2 remediation activities at the former Union Pacific (“UP”) Railroad Property and existing City parking lots in Niles. The initial EKI Service Agreement amount of \$395,000 is nearing completion, and staff is seeking authorization for the City Manager to increase the contract by \$210,000 to provide continued environmental consulting services during ongoing, active site remediation. If authorized, the new service agreement amount will be \$605,000.

In May 2009, the Fremont Redevelopment Agency entered into a service agreement with Harris & Associates, Inc. (“Harris”), to provide project management and construction management services on behalf of the Agency during remedial design project planning and throughout Phase 2 remediation activities at the former UP Railroad Property and existing City parking lots in Niles. The Agency executed a small amendment that added \$54,316 to the contract in October 2010. The initial Harris Agreement amount (\$275,364) and Amendment 1 amount (\$54,316) are nearing completion, and staff is seeking authorization for the Executive Director to increase the contract by \$69,040 to provide continued environmental project/construction management services during ongoing, active site remediation. If authorized, the new service agreement amount will be \$398,720.

BACKGROUND: The Niles UP site, comprised of the 37482, 37592, and 37682 Niles Boulevard properties, has been controlled by the City’s Redevelopment Agency since January 2000. As part of the settlement agreement with UP, the Agency and City assumed responsibility for environmental remediation of the entire site.

In 2006, the California Department of Toxic Substances Control (DTSC), the State agency overseeing the environmental cleanup of the site, approved the Agency's Remedial Action Plan (RAP), which addresses remediation of the site. The RAP is the blueprint for the overall cleanup of the properties involved. Cleanup of the properties was divided into two phases. The Phase 1 project, completed in 2007, remediated a portion of the property necessary for the construction of the new Niles Town Plaza.

A City Public Works Construction Contract was awarded in June 2010 for remediation of the remainder the site (Phase 2), which includes remediation of the unimproved and vacant portion of the UP property and adjacent City Parking Lots 1 and 2. Active site remediation began in September 2010.

DISCUSSION/ANALYSIS: These service agreement amendments will fund professional services essential to the completion of the Phase 2 environmental remediation work. During implementation of the Phase 2 remediation project, wide-spread site contamination has been observed throughout the unimproved and vacant portion of the former UP property at depths greater than the excavation depths specified in the remediation contract and in areas outside those originally specified for remedial excavation. The scheduled remediation contract completion date has been delayed due to the additional excavation and testing required to be performed in accordance with the DTSC-approved Niles RAP (2006).

The proposed amendments encompass increases in budget resulting from additional excavation of contaminated soil in accordance with the RAP, including added soil sampling costs, perimeter air monitoring costs, DTSC coordination activities, and overall project/construction management services during remediation implementation.

FISCAL IMPACT: The City Council previously approved the transfer of appropriated funds by the Redevelopment Agency Board for the environmental remediation of the Niles Phase 2 portion of the former UP Property to a Public Works Contract (PWC 8700).

Funding for the proposed contract amendment is available in PWC8700 (Niles UP Phase 2 Remediation) account.

ENVIRONMENTAL REVIEW: No further environmental study is required. An Initial Study and Negative Declaration were prepared/adopted for this project in accordance with the requirements of the California Environmental Quality Act (CEQA). The analysis of the project concluded that there would not be a significant impact on the environment. Draft environmental documents were circulated for public review and comment from April 14, 2010 through May 5, 2010. No potentially significant impacts were identified during the public review period.

ENCLOSURE: None

RECOMMENDATION: Authorize the City Manager, or his designee, to execute a Professional Services Agreement Amendment with Erler & Kalinowski, Inc., for Environmental Consulting Services during Phase 2 of the environmental remediation of the former Union Pacific Property in Niles in an amount not to exceed \$210,000.

6.1 Report Out from Closed Session of Any Final Action

7.1 STRATEGIC SUSTAINABILITY STUDY

Authorize the City Manager to Enter into an Agreement with Management Partners Incorporated to Conduct a Comprehensive Strategic Sustainability Study, In an Amount not to Exceed \$90,000

Contact Person:

Name:	Mark Danaj	Fred Diaz
Title:	Assistant City Manager	City Manager
Dept.:	City Manager's Office	City Manager's Office
Phone:	510-284-4005	510-284-4000
E-Mail:	mdanaj@fremont.gov	fdiaz@fremont.gov

Executive Summary: The purpose of this report is to seek input and formal endorsement from the Council of the City Manager's intent to undertake a study to identify budget solutions, with a specific focus on cost drivers that affect current service delivery, alternative service delivery strategies, and benchmarking of stabilization approaches taken by other large California cities. Like most local governments in California, Fremont has faced continuing challenges from the economic recession over the past several years. Identifying new solutions and innovative ideas to deal with ongoing budget issues is paramount to being able to continue providing services to the residents of the City.

Under normal circumstances, the City Manager would proceed with this kind of work effort through day-to-day operations. However, given the role this report will play in developing short- and long-term budget strategies that could include employee concessions and implementation of alternative service deliveries, the City Manager felt it prudent to openly discuss the elements of the Strategic Sustainability Study and its potential for overarching change and policy implications.

BACKGROUND: A slow and anemic economic recovery from the Great Recession, coupled with increasing personnel costs, has resulted in a persistent General Fund deficit. The creative bridging strategies employed to balance the budget the last several years, such as strategic reductions in service levels and the cautious use of reserves, have positioned Fremont better than most cities in the Bay Area. However, given the length of the economic recovery, and rising employee costs, these actions have not been enough to address the structural imbalance in the General Fund. The City's need for long-term structural budget change requires a fresh look at the City's cost structures, methods of service delivery, portfolio of services offered and ability to generate revenue.

DISCUSSION/ANALYSIS: Services currently performed by the City, the manner in which they are performed, and the methods used to compensate employees for that work are a reflection of past practices. These practices evolved from a combination of the fiscal times in which they were adopted, past competitive labor markets and different economic assumptions. While these practices were appropriate in the context of time in which they were adopted, negotiated or approved, they are no longer aligned to the current fiscal environment. Given the projected General Fund deficit for next fiscal year, the multiple years of budget contraction, the previous utilization of reserves and rising personnel costs, the City now needs to implement long-term fixes to the budget.

Based on their experience, qualifications & availability, the City Manager and staff have selected Management Partners (an experienced, public-sector-focused management consultant team) to assist in conducting a Strategic Sustainability Study, taking a targeted look at City operations. The goal is to evaluate how key services are currently delivered, compare Fremont's operations to other municipal best practices and recommend less costly alternatives to the City's current models. Management Partners has a track record of developing successful programs and options, and has completed similar studies for the Cities of San Jose, Sacramento, Tracy, Burbank/Glendale/Pasadena, and Las Vegas (in progress).

Project Scope: To move forward, the overall organization and services need to be examined to ensure they are being provided as cost-effectively and efficiently as possible, and changes implemented where warranted.

The study will include the following major elements:

1. A review of the existing budget and supporting documentation to identify cost-drivers reflected in existing personnel policies and City procedures to assist the City in developing strategies to control and reduce future costs. Existing parameters that drive overall costs would include but not be limited to such factors as scheduling, staffing assumptions and requirements, overtime and work rules.
2. Development of new budget strategies that address these cost-drivers that the City could affect without impacting basic compensation levels aimed at recruiting and retaining outstanding staff resources.
3. An examination of the feasibility and desirability of migrating to alternative service delivery approaches in situations where there may be an economic rationale for doing so.
4. Benchmarking with other large city California peers to identify best practices in developing budget realignment strategies that lead to the reduction and control of expenditures without undue diminution in the quality of service delivery. This evaluation will include strategies to reduce pension costs, such as introducing a two-tiered pension system, and ways to deal with other cost-drivers.

Summary: Since fiscal year 2002/03, the City has been reducing expenditures and downsizing the organization to keep pace with the reduction in revenues, primarily due to the Silicon Valley business slump and then the Great Recession. In doing so, it has tried to preserve, as best it could, police, fire, and maintenance services, which accounts for 92% of General Fund expenditures. The City has made major changes to operations, closed or browned-out fire stations, closed the Fire dispatch center and moved to a regional center, reduced Police special units and focused on patrol and investigations, reduced the crime lab, stopped funding extra library hours, eliminated approximately 300 positions, furloughed employees, and generally cut back across the board.

In spite of these efforts, the slow and anemic economic recovery, coupled with increasing personnel costs, has resulted in a persistent General Fund deficit that must be addressed. To this extent, the City Manager and staff have interviewed and selected Management Partners to assist in conducting a Strategic Sustainability Study. The goal is to evaluate how key services are currently delivered, compare Fremont's operations to other municipal best practices, and recommend less costly alternatives to the City's current models.

FISCAL IMPACT: Sufficient appropriation authority exists within the General Fund. No additional appropriation of funds is needed.

ENVIRONMENTAL REVIEW: None required

ENCLOSURE: [Draft Scope of Work](#)

RECOMMENDATION: Formally endorse the City Manager's recommendation to implement a Strategic Sustainability Study, and authorize the City Manager to enter into an agreement with Management Partners Incorporated, in an amount not to exceed \$90,000.

7.2 UPDATE ON REDEVELOPMENT AGENCY ISSUANCE OF TAX ALLOCATION BONDS

Update on Proposed Issuance of 2011 Redevelopment Agency Tax Allocation Bonds

Contact Person:

Name:	Elisa Tierney	Harriet Commons
Title:	Redevelopment Agency Director	Director
Dept.:	Housing and Redevelopment	Finance
Phone:	510-494-4501	510-284-4010
E-Mail:	etierney@fremont.gov	hcommons@fremont.gov

A companion report is on tonight's agendas for the Redevelopment Agency of the City of Fremont and the Fremont Public Financing Authority.

Executive Summary: On January 17, 2011, the City Council and the Redevelopment Agency Board approved the issuance of up to \$140 million of tax allocation bonds by the Redevelopment Agency for the construction of infrastructure projects, the most significant one being the Irvington BART station. The bonds were scheduled to price on February 24, but that did not occur because of uncertainty created by the posting of proposed legislation to "disestablish" redevelopment agencies on the State Department of Finance's website late in the day on February 23. Staff is providing an update on the current status of this transaction, and requesting feedback and direction from Council, the Agency Board, and the Public Financing Authority Board about how to proceed.

BACKGROUND: On January 10, 2011, the Governor released his 2011/12 budget proposal. A major provision of the Governor's budget proposal that affects local government is the proposed elimination ("disestablishment") of redevelopment agencies throughout the State by July 1, 2011. In order to accomplish such rapid termination of redevelopment as part of the overall budget package, the proposal contemplates urgency legislation in March 2011, which needs a 2/3 vote in both houses to become effective immediately and suspend Agency operations. The elimination of redevelopment agencies as of July 1, 2011 would mean the following:

- Full Agency closure by July, 1, 2011. There would be no new allocation of tax increment revenues in future years, with the exception of sufficient future property taxes needed to meet future scheduled payments of each agency's existing obligations and debt service. A local "successor agency" would be established, whose purpose would be solely to receive sufficient future property taxes to make payments to retire the agency's existing debts and obligations.
- No new obligations/commitments of tax increment by agencies effective upon enactment of urgency legislation, anticipated in March; and
- Unspent and unencumbered Housing Fund balances would be transferred to the local housing authority (in the case of Fremont, likely the Housing Authority of the County of Alameda), with no future funding for affordable housing proposed.

In order to effectuate his proposal, the Governor anticipates the passage of comprehensive urgency legislation in March, which would, in effect, freeze the ability of agencies to take on new obligations and debt service. Proposed legislation was posted on the State Department of Finance's website late in the day on February 23, 2011. This proposed legislation has not yet been introduced, nor has an author been identified. Nevertheless, it has had a significant impact on issuance of redevelopment tax allocation bonds.

DISCUSSION/ANALYSIS: The proposed legislation provides 27 pages of detail about the Governor's proposal to "disestablish" redevelopment agencies. The Joint Budget Conference Committee of the Legislature convened late in February (after the posting of this proposed legislation), with a goal of having its work on the Governor's budget proposal completed by March 10, 2011. To date, there have been no new developments on the redevelopment front, although staff will be prepared to provide a verbal update should something occur between the time of preparation of this staff report and the Council meeting.

Although bond counsel has concluded that tax-exempt bonds could be issued prior to the effective date of this proposed legislation, it is not clear that bond proceeds could ultimately be spent on the infrastructure improvements included in the Agency's work plan and approved by the Council and Agency Board. Following are the key components of the proposed legislation:

- Upon adoption of the legislation, agencies would be prohibited from entering new, or amending existing, contracts and, as of July 1, all new redevelopment activities would cease.
- Non-housing RDA assets would be assigned to a successor entity to wind up the Agency's affairs (the successor entity can be the City).
- Activities of the successor entity would be subject to review by an oversight board, which would consist of representatives of the affected taxing entities (the County, the City, schools, special districts).
- Payments made by the successor entity would require approval by the oversight board.
- The oversight board may challenge activities retroactively to January 1, 2011, including bond sales and developer agreements (DDAs, leases, etc.), for up to 3 years.

There is an alternative "big 8 mayors" compromise proposal that has been suggested. Under that proposal, redevelopment agencies would remain in existence. However, the agencies would give up 5% of tax increment to the State in exchange for 10 years of additional life. Whether this proposal will be considered by the Joint Conference Committee is unknown at this time.

There are two alternatives staff has identified for Council consideration. One is to not proceed with the issuance of these tax allocation bonds, the other is to proceed. The pros and cons of each option are discussed below.

Option 1 – Do not proceed with the sale of tax allocation bonds at this time. Instead, wait for the State to enact budget legislation and remove the uncertainty that currently exists around this transaction. The advantages of this option are as follows:

- If redevelopment is "saved", the bond sale would likely be able to proceed with more favorable interest rates. This would result in more tax increment available for projects.

- Deferring bond issuance also provides more flexibility to react to any compromise legislation that might require sharing a portion of tax increment.

A disadvantage of waiting is that, if legislation is enacted consistent with the Governor's proposal, there will be no money available for projects, including the Irvington BART station.

Option 2 – Sell the bonds as currently structured. In order to mitigate the risk that bond proceeds might not be able to be spent on projects, the City and Agency would need to have enforceable contracts in place with third parties (such as BART). An even stronger mitigation would be to have completed a substantial portion of the project by the effective date of the legislation, although that is likely not possible. An advantage of this option is that \$124 million of infrastructure projects would be funded if the legislation does not pass, or it passes and is subsequently invalidated.

The disadvantages of this option are as follows:

- The uncertainty created by the Governor's budget proposal has resulted in higher interest rates in the tax-exempt debt market.
- There would be less flexibility to react to any compromise legislation that might be enacted.
- Although tax increment would be committed to pay debt service on the bonds, it might not be possible to actually build the projects.

FISCAL IMPACT: The Redevelopment Agency currently receives approximately \$34.5 million in tax increment revenue annually. If no new Agency indebtedness is issued and this revenue instead were to be distributed to the City and other taxing entities under an enacted form of the Governor's budget proposal, the City's share would be approximately \$5.2 million. This assumes the Agency has no other existing outstanding debt and the current Agency/City Master Public Improvements Agreement is not followed in the future. This General Fund revenue would be unrestricted and the City would be free to spend the revenue however it chooses.

If the Agency were to issue bonds that are recognized as a pre-existing debt under an enacted version of the Governor's budget proposal, the pool of available property tax revenue would be reduced by an amount that the successor entity would first draw down to pay the annual bond debt service, with a resulting impact on the City's General Fund. With annual debt service of \$10.3 million, the net property tax revenue to be distributed among local governments after payment of the proposed bond debt service would be \$34.5 million minus \$10.3 million, or \$24.2 million. While this would mean a decrease of \$1.5 million in net tax revenue to the City's General Fund (\$3.7 million instead of \$5.2 million), \$124 million in additional City capital projects, most notably the Irvington BART station, would be secured.

However, if it is determined that bond proceeds cannot be spent for the identified projects identified, the result would be that tax increment will have been committed for debt service for 10 years (the earliest date at which the bonds could be called and paid off) and all taxing entities, including the City, will have been deprived of property taxes, with no infrastructure projects to show for it.

ENVIRONMENTAL REVIEW: None required.

ENCLOSURE: None

RECOMMENDATION: Provide direction to staff to EITHER:

1. Not proceed with the sale of tax allocation bonds at this time, OR
2. Sell the bonds as currently structured.

7.3 ASSIGNMENT OF REDEVELOPMENT AGENCY SERVICE AGREEMENTS TO THE CITY

Approve Assignment of Redevelopment Agency Service Agreements to the City and Authorize the Executive Director and City Manager to Execute An Assignment and Assumption Agreement

Contact Person:

Name:	Josh Huber	Elisa Tierney
Title:	Redevelopment Project Manager	Redevelopment Agency Director
Dept.:	Housing and Redevelopment	Housing and Redevelopment
Phone:	510-494-4513	510-494-4501
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***A Companion item appears on the Redevelopment Agency Board agenda**

Executive Summary: The budget bill language proposed by Governor Brown contemplates terminating the ability of local redevelopment agencies to enter into or amend contracts and service agreements upon the Governor's signing of the legislation. Staff therefore recommends that all service agreements for projects currently underway to which the Redevelopment Agency is party be assigned to the City.

BACKGROUND: In early January, the Governor released his 2011/12 budget proposal which, among other provisions, calls for the elimination of redevelopment agencies throughout the State by July 1, 2011. In order to accomplish such rapid termination of redevelopment, the proposal contemplates urgency legislation in March 2011, which needs a 2/3 vote in both houses to become effective immediately and suspend Agency operations. On March 1, 2011, the City Council and Agency Board approved Amendment No. 11 to the Public Improvements Grant Agreement between the Redevelopment Agency and the City of Fremont, which authorized the reallocation of certain funds held by the Agency to the City's control to fund the public improvements.

DISCUSSION/ANALYSIS: In order to allow for the continuation and completion of Agency sponsored projects currently under way and expenditure of the funds dedicated for those improvements, it may be necessary under certain circumstances to amend service contracts previously entered into by the Agency. If the bill language proposed by the Governor were to become law, it would immediately terminate the Agency's ability to enter into, or modify, existing contracts. The action recommended in this staff report would mitigate this potential problem by authorizing the City to amend such contracts under its own authority.

FISCAL IMPACT: There is no fiscal impact to this action. Funding resources for all affected contracts have been transferred to control of the City.

ENVIRONMENTAL REVIEW: None required.

ENCLOSURE: [List of service contracts recommended for transfer to the City](#)

RECOMMENDATION: Approve the assignment of Redevelopment Agency service agreements to the City as described in the attached list, and authorize the Agency Executive Director and the City Manager to execute an Assignment and Assumption Agreement.

8.1 Council Referrals

8.1.1 MAYOR WASSERMAN REFERRAL: Appointment of Vinnie Bacon to the Economic Development Advisory Commission and Chitraleka Vivek to the Library Advisory Commission

Appointment:

<i>Advisory Body</i>	<i>Appointee</i>	<i>Term Expires</i>
Environmental Services Advisory Commission	Vinnie Bacon (At-Large)	December 31, 2014
Library Advisory Commission	Chitraleka (Chitra) Vivek	December 31, 2014

ENCLOSURES: [Commission Applications on File](#)

8.2 Oral Reports on Meetings and Events

ACRONYMS

ABAG.....	Association of Bay Area Governments	FUSD	Fremont Unified School District
ACCMA.....	Alameda County Congestion Management Agency	GIS	Geographic Information System
ACE	Altamont Commuter Express	GPA.....	General Plan Amendment
ACFCD	Alameda County Flood Control District	HARB	Historical Architectural Review Board
ACTA	Alameda County Transportation Authority	HBA	Home Builders Association
ACTIA	Alameda County Transportation Improvement Authority	HRC	Human Relations Commission
ACWD	Alameda County Water District	ICMA	International City/County Management Association
BAAQMD	Bay Area Air Quality Management District	JPA	Joint Powers Authority
BART	Bay Area Rapid Transit District	LLMD	Lighting and Landscaping Maintenance District
BCDC	Bay Conservation & Development Commission	LOCC.....	League of California Cities
BMPs	Best Management Practices	LOS	Level of Service
BMR	Below Market Rate	MOU	Memorandum of Understanding
CALPERS.....	California Public Employees' Retirement System	MTC.....	Metropolitan Transportation Commission
CBD	Central Business District	NEPA	National Environmental Policy Act
CDD.....	Community Development Department	NLC.....	National League of Cities
CC & R's	Covenants, Conditions & Restrictions	NPDES.....	National Pollutant Discharge Elimination System
CDBG	Community Development Block Grant	NPO.....	Neighborhood Preservation Ordinance
CEQA	California Environmental Quality Act	PC.....	Planning Commission
CERT	Community Emergency Response Team	PD	Planned District
CIP	Capital Improvement Program	PUC.....	Public Utilities Commission
CMA	Congestion Management Agency	PVAW	Private Vehicle Accessway
CNG.....	Compressed Natural Gas	PWC.....	Public Works Contract
COF	City of Fremont	RDA	Redevelopment Agency
COPPS	Community Oriented Policing and Public Safety	RFP	Request for Proposals
CSAC.....	California State Association of Counties	RFQ.....	Request for Qualifications
CTC	California Transportation Commission	RHNA	Regional Housing Needs Allocation
dB	Decibel	ROP.....	Regional Occupational Program
DEIR.....	Draft Environmental Impact Report	RRIDRO.....	Residential Rent Increase Dispute Resolution Ordinance
DO	Development Organization	RWQCB	Regional Water Quality Control Board
DU/AC.....	Dwelling Units per Acre	SACNET	Southern Alameda County Narcotics Enforcement Task Force
EBRPD	East Bay Regional Park District	SPAA	Site Plan and Architectural Approval
EDAC	Economic Development Advisory Commission (City)	STIP	State Transportation Improvement Program
EIR.....	Environmental Impact Report (CEQA)	TCRDF.....	Tri-Cities Recycling and Disposal Facility
EIS	Environmental Impact Statement (NEPA)	T&O	Transportation and Operations Department
ERAF.....	Education Revenue Augmentation Fund	TOD	Transit Oriented Development
EVAW	Emergency Vehicle Accessway	TS/MRF	Transfer Station/Materials Recovery Facility
FAR	Floor Area Ratio	UBC	Uniform Building Code
FEMA.....	Federal Emergency Management Agency	USD.....	Union Sanitary District
FFD.....	Fremont Fire Department	VTa	Santa Clara Valley Transportation Authority
FMC.....	Fremont Municipal Code	WMA	Waste Management Authority
FPD.....	Fremont Police Department	ZTA.....	Zoning Text Amendment
FRC.....	Family Resource Center		

**UPCOMING MEETING AND CHANNEL 27
BROADCAST SCHEDULE**

<i>Date</i>	<i>Time</i>	<i>Meeting Type</i>	<i>Location</i>	<i>Cable Channel 27</i>
March 15, 2011	5:30 p.m.	Work Session	Council Chambers	Live
March 22, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
March 29, 2011 (5 th Tuesday)		No Council Meeting		
April 5, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
April 12, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
April 19, 2011	TBD	Work Session	Council Chambers	Live
April 26, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
May 2, 2011	4-6 p.m.	Joint Council/FUSD Meeting	Council Chambers	Live
May 3, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
May 10, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
May 17, 2011	TBD	Work Session	Council Chambers	Live
May 24, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
May 31, 2011 (5 th Tuesday)		No Council Meeting		
June 7, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
June 14, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live
June 21, 2011	TBD	Work Session	Council Chambers	Live
June 28, 2011	7:00 p.m.	City Council Meeting	Council Chambers	Live